

AMENDMENT

IN THE CLAIMS

1. (Previously Presented) A method of administering an investment contract between pairs of investors, comprising:

associating a contract with a first investor, wherein the contract is based on at least one underlying commodity having a market value, wherein the first investor does not hold the underlying commodity or agree to buy or sell the underlying commodity and wherein the first investor deposits funds in an account in an amount equal to a maximum potential loss to the first investor;

matching the contract with a second investor thereby creating an active contract, wherein the second investor does not hold the underlying commodity or agree to buy or sell the underlying commodity, and wherein the second investor deposits funds in an account in an amount equal to a maximum potential loss to the second investor;

at least temporarily freezing the first investor funds and the second investor funds associated with the contract;

determining which one of the first and second investor is to receive a payoff based on the market value of the underlying commodity upon expiration of the contract in relation to one of a target price and a target price range; and

paying off, using the frozen first and second investor funds, one of the first and second investor upon expiration of the contract, wherein expiration of the contract is based on at least one of a deviation from a target price range and a specified maturity date.

2. (Previously Presented) The method of claim 1,

wherein a price movement having a direction is defined by comparing the target price to the market value of the underlying commodity upon expiration of the contract;

wherein the contract specifies an expiration date, a first and second expected direction associated with the first and second investor and a fixed lump-sum payoff; and

wherein the payoff is selectively transferred to one of the first and second investor upon expiration of the contract based on the direction of the price movement of the commodity in relation to the first and second expected direction.

3. (Previously Presented) The method of claim 1,

wherein a price movement having a number of ticks and direction is defined by comparing the target price to the market value of the underlying commodity upon expiration of the contract;

wherein the contract specifies an expiration time, a first and second expected direction associated with the first and second investor and dollars per tick; and

wherein the payoff is calculated and transferred to one of the first and second investor upon expiration of the contract based on the direction of the price movement, the number of ticks and the dollars per tick.

4. (Previously Presented) The method of claim 3,

wherein the contract further specifies a cap; and

wherein the payoff transferred to one of the first and second investor is limited by the cap.

5. (Previously Presented) The method of claim 1,

wherein the commodity has a market value at expiration of the contract;

wherein the contract specifies an expiration date, a first target price range associated with the first investor, a second target price range associated with the second investor and a fixed lump-sum payoff; and

wherein the fixed lump-sum payoff is transferred to one of the first and second investor upon expiration of the contract based on the market value of the commodity upon expiration of the contract in relation to the first and second price ranges.

6. (Previously Presented) The method of claim 5, wherein the fixed lump-sum payoff is transferred to the first investor if the market value of the commodity upon expiration of the contract falls within the first target price range.

7. (Previously Presented) The method of claim 5, wherein the fixed lump-sum payoff is transferred to the second investor if the market value of the commodity upon expiration of the contract falls within the second target price range.

8. (Previously Presented) The method of claim 1,

wherein the commodity has a market value upon expiration of the contract;

wherein the contract specifies an expiration date, a price range bounded by an upper cap associated with the first investor and a lower cap associated with the second investor and fixed lump-sum payoff; and

wherein the fixed lump-sum payoff is transferred to one of the first and second investor based on one of the market value of the commodity upon expiration of the contract in relation to the price range.

9. (Previously Presented) The method of claim 8, wherein the fixed lump-sum payoff is transferred to the first investor if the market value of the commodity reaches the upper cap prior to the expiration date.

10. (Previously Presented) The method of claim 8, wherein the fixed lump-sum payoff is transferred to the second investor if the market value of the commodity reaches one of the lower cap prior to the expiration date.

11. (Previously Presented) The method of claim 8, wherein the fixed lump-sum payoff is transferred to the first investor on the expiration date if the market value of the commodity on the expiration date falls within a portion of the price range associated with the first investor.

12. (Previously Presented) The method of claim 8, wherein the fixed lump-sum payoff is transferred to the second investor on the expiration date if the market value of the commodity on the expiration date falls within a portion of the price range associated with the second investor.

13. (Previously Presented) The method of claim 1,

wherein the commodity has a market value at expiration of the contract;

wherein the contract specifies an expiration date, a price range bounded by an upper cap associated with the first investor and a lower cap associated with the second investor, a target price and dollars-per-tick; and

wherein a payoff is calculated and transferred to one of the first and second investor upon expiration of the contract based on the market value of the commodity upon expiration of the contract in relation to the price range.

14. (Previously Presented) The method of claim 13, wherein the payoff transferred to one of the first and second investor is limited by one of the first and second cap.

15. (Previously Presented) The method of claim 14, wherein the payoff is transferred to the first investor if the market value of the commodity reaches the first cap prior to the expiration date.

16. (Previously Presented) The method of claim 14, wherein the payoff is transferred to the second investor if the market value of the commodity reaches the second cap prior to the expiration date.

17. (Previously Presented) The method of claim 13, wherein the payoff is transferred to the first investor on the expiration date if the market value of the commodity on the expiration date falls within a price range associated with the first investor.

18. (Previously Presented) The method of claim 17, wherein the payoff is calculated based on the difference between the market value of the commodity upon expiration of the contract and the target price multiplied by the dollars-per-tick.

19. (Previously Presented) The method of claim 13, wherein the payoff is transferred to the second investor on the expiration date if the market value of the commodity on the expiration date falls within a price range associates with the second investor.

20. (Previously Presented) The method of claim 19, wherein the payoff is calculated based on the difference between the market value of the commodity upon expiration of the contract and the target price multiplied by the dollars-per-tick.

21. (Previously Presented) A system for creating an electronic exchange for trading in and administering investment contracts between pairs of investors, comprising:
a computer system operable to

- (i) associate a contract with a first investor, wherein the contract is based on at least one underlying commodity, wherein the first investor does not hold the underlying commodity or agree to buy or sell the underlying commodity, and wherein the first investor deposits funds in an account in an amount equal to a maximum potential loss to the first investor;

- (ii) match the contract with a second investor thereby creating an active contract, wherein the second investor does not hold the underlying commodity or agree to buy or sell the underlying commodity, and wherein the second investor deposits funds in an account in an amount equal to a maximum potential loss to the second investor;

- (iii) at least temporarily freeze the first investor funds and the second investor funds associated with the contract;

(iv) determine which one of the first and second investor is to receive a payoff based on the market value of the underlying commodity upon expiration of the contract in relation to one of a target price and a target price range; and

(v) pay off, using the frozen first and second investor funds, one of the first and second investor upon expiration of the contract, wherein expiration of the contract is based on at least one of a deviation from a target price range and a time horizon.

22. (Previously Presented) The system of claim **21**,

wherein a price movement having a direction is defined by comparing the target price-to-the market value of the underlying commodity upon expiration of the contract;

wherein the contract specifies an expiration date, a first and second expected direction associated with the first and second investor and a fixed lump-sum payoff; and

wherein the payoff is selectively transferred to one of the first and second investor upon expiration of the contract based on the direction of the price movement of the commodity in relation to the first and second expected direction.

23. (Previously Presented) The system of claim **21**,

wherein a price movement having a number of ticks and direction is defined by comparing the target price to the market value of the underlying commodity upon expiration of the contract;

wherein the contract specifies an expiration time, a first and second expected direction associated with the first and second investor and dollars per tick; and

wherein the payoff is calculated and transferred to one of the first and second investor upon expiration of the contract based on the direction of the price movement, the number of ticks and the dollars per tick.

24. (Previously Presented) The system of claim **23**,

wherein the contract further specifies a cap; and

wherein the payoff transferred to one if the first and second investor is limited by the cap.

25. (Previously Presented) The system of claim **21**,

wherein the commodity has a market value at expiration of the contract;

wherein the contract specifies an expiration date, a first target price range associated with the first investor, a second target price range associated with the second investor and a fixed lump-sum payoff; and

wherein the fixed lump-sum payoff is transferred to one of the first and second investor upon expiration of the contract based on the market value of the commodity upon expiration of the contract in relation to the first and second price ranges.

26. (Previously Presented) The system of claim **25**, wherein the fixed lump-sum payoff is transferred to the first investor if the market value of the commodity upon expiration of the contract falls within the first target price range.

27. (Previously Presented) The system of claim **25**, wherein the fixed lump-sum payoff is transferred to the second investor if the market value of the commodity upon expiration of the contract falls within the second target price range.

28. (Previously Presented) The system of claim **21**,

wherein the commodity has a market value upon expiration of the contract;

wherein the contract specifies an expiration date, a price range bounded by an upper cap associated with the first investor and a lower cap associated with the second investor and -fixed lump-sum payoff; and

wherein the fixed lump-sum payoff is transferred to one of the first and second investor based on one of the market value of the commodity upon expiration of the contract in relation to the price range.

29. (Previously Presented) The system of claim **28**, wherein the fixed lump-sum payoff is transferred to the first investor if the market value of the commodity reaches the upper cap prior to the expiration date.

30. (Previously Presented) The system of claim **28**, wherein the fixed lump-sum payoff is transferred to the second investor if the market value of the commodity reaches one of the lower cap prior to the expiration date.

31. (Previously Presented) The system of claim **28**, wherein the fixed lump-sum payoff is transferred to the first investor on the expiration date if the market value of the commodity on the expiration date falls within a portion of the price range associated with the first investor.

32. (Previously Presented) The system of claim **28**, wherein the fixed lump-sum payoff is transferred to the second investor on the expiration date if the market value of the commodity on the expiration date falls within a portion of the price range associated with the second investor.

33. (Previously Presented) The system of claim **21**,

wherein the commodity has a market value at expiration of the contract;

wherein the contract specifies an expiration date, a price range bounded by an upper cap associated with the first investor and a lower cap associated with the second investor, a target price and dollars-per-tick; and

wherein a payoff is calculated and transferred to one of the first and second investor upon expiration of the contract based on the market value of the commodity upon expiration of the contract in relation to the price range.

34. (Previously Presented) The system of claim **33**, wherein the payoff transferred to one of the first and second investor is limited by one of the first and second cap.

35. (Previously Presented) The system of claim **34**, wherein the payoff is transferred to the first investor if the market value of the commodity reaches the first cap prior to the expiration date.

36. (Previously Presented) The system of claim **34**, wherein the payoff is transferred to the second investor if the market value of the commodity reaches the second cap prior to the expiration date.

37. (Previously Presented) The system of claim **33**, wherein the payoff is transferred to the first investor on the expiration date if the market value of the commodity on the expiration date falls within a price range associated with the first investor.

38. (Previously Presented) The system of claim **37**, wherein the payoff is calculated based on the difference between the market value of the commodity upon expiration of the contract and the target price multiplied by the dollars-per-tick.

39. (Previously Presented) The system of claim **33**, wherein the payoff is transferred to the second investor on the expiration date if the market value of the commodity on the expiration date falls within a price range associated with the second investor.

40. (Previously Presented) The system of claim **39**, wherein the payoff is calculated based on the difference between the market value of the commodity upon expiration of the contract and the target price multiplied by the dollars-per-tick.